



**RESOLUTION NO. 2009- 35**

A RESOLUTION OF THE BOARD OF SUPERVISORS OF COCONINO COUNTY, ARIZONA APPROVING THE PROCEEDINGS OF THE COCONINO COUNTY, ARIZONA POLLUTION CONTROL CORPORATION REGARDING THE ISSUANCE BY THE COCONINO COUNTY, ARIZONA POLLUTION CONTROL CORPORATION OF COCONINO COUNTY, ARIZONA POLLUTION CONTROL CORPORATION POLLUTION CONTROL REVENUE REFUNDING BONDS (ARIZONA PUBLIC SERVICE COMPANY NAVAJO PROJECT), 2009 SERIES B

WHEREAS, on February 6, 2009, the Coconino County, Arizona Pollution Control Corporation (the "Pollution Control Corporation") adopted a resolution (the "Plan of Refunding Resolution") approving a plan of refunding (the "Plan of Refunding") which contemplated the issuance by the Pollution Control Corporation of not to exceed \$39,560,000 aggregate principal amount of Coconino County, Arizona Pollution Control Corporation Pollution Control Revenue Refunding Bonds (Arizona Public Service Company Navajo Project), in one or more series (such revenue bonds being hereinafter collectively referred to as the "Bonds") in order to refund certain revenue bonds previously issued by the Pollution Control Corporation for the benefit of Arizona Public Service Company (the "Company"), comprised of the Coconino County, Arizona Pollution Control Corporation Pollution Control Revenue Bonds (Arizona Public Service Company Project) Series 1996A (the "1996 Series Bonds"), the Coconino County, Arizona Pollution Control Corporation Pollution Control Revenue Bonds (Arizona Public Service Company Project) Series 1999 (the "1999 Series Bonds") and the Coconino County, Arizona Pollution Control Corporation Pollution Control Revenue Refunding Bonds (Arizona Public Service Company) 2004 Series A (the "2004 Series A Bonds," and, together with the 1996 Series Bonds and the 1999 Series Bonds, hereinafter collectively referred to as the "Prior Bonds"); and

WHEREAS, the Prior Bonds were issued to finance or refinance a portion of the costs to the Company of the acquisition, construction, improvement or equipping of certain air and water pollution control and sewage and solid waste disposal facilities and certain related facilities (hereinafter collectively referred to as the "Facilities") relating to an electric generating station, known as the Navajo Generating Station, located in Coconino County, Arizona (the "County"); and

WHEREAS, pursuant to the Plan of Refunding Resolution, the Pollution Control Corporation authorized the Pollution Control Corporation to enter into an Indenture of Trust (as supplemented to the date hereof, the "Indenture of Trust") with The Bank of New York Mellon, as trustee (the "Trustee"), in order to secure the Bonds and to enter into a Loan Agreement (the "Loan Agreement") to provide for the loan of the proceeds of the Bonds to the Company; and

WHEREAS, on March 3, 2009, the Board of Supervisors of the County (the "Board of Supervisors") received and duly considered the proceedings of the Pollution Control Corporation in connection with the issuance of the Bonds; and

WHEREAS, pursuant to the Plan of Refunding Resolution, on May 28, 2009, the

Pollution Control Corporation issued \$12,850,000 aggregate principal amount of Coconino County, Arizona Pollution Control Corporation Pollution Control Revenue Refunding Bonds (Arizona Public Service Company Navajo Project), 2009 Series A, the proceeds of which were applied to refund the 2004 Series A Bonds; and

WHEREAS, the Company has requested the assistance of the Pollution Control Corporation in refunding the 1996 Series Bonds and the 1999 Series Bonds; and

WHEREAS, the Board of Supervisors has received and duly considered the proceedings of the Pollution Control Corporation in connection with (i) the proposed issuance and sale by the Pollution Control Corporation of an additional series of revenue bonds of the Pollution Control Corporation, entitled "Coconino County, Arizona Pollution Control Corporation Pollution Control Revenue Refunding Bonds (Arizona Public Service Company Navajo Project), 2009 Series B (the "2009 Series B Bonds"), in an aggregate principal amount not to exceed \$26,710,000, pursuant to the Plan of Refunding, the proceeds of which will be applied to refund the 1996 Series Bonds and the 1999 Series Bonds and (ii) the loan of the proceeds of the 2009 Series B Bonds to the Company pursuant to the provisions of the Loan Agreement; and

WHEREAS, the proceedings of the Pollution Control Corporation adopted in connection with the proposed issuance of the 2009 Series B Bonds include: (i) the Plan of Refunding Resolution; (ii) a resolution adopted by the Pollution Control Corporation at a duly convened meeting of the Pollution Control Corporation held on August 14, 2009 (the "2009 Series B Resolution," and, together with the Plan of Refunding Resolution, hereinafter collectively referred to the "Pollution Control Corporation Resolutions"); (iii) a Series Indenture (the "Series Indenture") between the Pollution Control Corporation and the Trustee, which Series Indenture further supplements the Indenture of Trust and was approved and authorized to be executed pursuant to the Pollution Control Corporation Resolutions; (iv) an Underwriting Agreement (the "Underwriting Agreement"), among the Pollution Control Corporation, the Company, and J.P. Morgan Securities Inc., acting on behalf of itself and the other underwriter named therein, which Underwriting Agreement was approved and authorized to be executed by the Pollution Control Corporation pursuant to the Pollution Control Corporation Resolutions; and (v) an Official Statement describing the 2009 Series B Bonds and related matters, which Official Statement was approved and authorized to be executed by the Pollution Control Corporation pursuant to the Pollution Control Corporation Resolutions; and

WHEREAS, the Pollution Control Corporation Resolutions authorize (i) the issuance of the 2009 Series B Bonds, the proceeds of which will be loaned to the Company pursuant to the Loan Agreement in order to refinance a portion of the costs to the Company of acquiring, constructing, improving and equipping the Facilities through the refunding of the 1996 Series Bonds and the 1999 Series Bonds, and (ii) the sale of the 2009 Series B Bonds pursuant to the Underwriting Agreement; and

WHEREAS, the principal of and interest on the 2009 Series B Bonds are to be payable solely from the revenues and receipts of the Pollution Control Corporation received pursuant to the provisions of the Loan Agreement and other funds pledged therefor, all in

conformity with the provisions of Title 35, Chapter 6, Arizona Revised Statutes, as amended (the "Act"); and

WHEREAS, there has also been presented to the Board of Supervisors information regarding a public hearing (the "Public Hearing") held by the Pollution Control Corporation on August 14, 2009 pursuant to Section 147(f) of the Internal Revenue Code of 1986 (the "Code") in connection with the proposed issuance of the 2009 Series B Bonds at which interested persons were permitted to express their views concerning the proposed issuance of the 2009 Series B Bonds and the nature and location of the portion of the Facilities being refinanced by such 2009 Series B Bonds, which Facilities are comprised of the portion of the Facilities previously financed by the 1996 Series Bonds and the 1999 Series Bonds; and

WHEREAS, the Public Hearing and the adoption of this Resolution by the Board of Supervisors constitute such action as is necessary to be undertaken by the Board of Supervisors under the Code in connection with the proposed issuance of the 2009 Series B Bonds; and

WHEREAS, the above-mentioned actions of the Pollution Control Corporation and the above-mentioned documents, together with the Pollution Control Corporation Resolutions, constitute the full proceedings of the Pollution Control Corporation to date in connection with the proposed issuance of the 2009 Series B Bonds and the refinancing of the Facilities previously financed by the 1996 Series Bonds and the 1999 Series Bonds; and

WHEREAS, the Pollution Control Corporation has determined that the issuance and sale of the 2009 Series B Bonds are in furtherance of the public purposes set forth in the Act and that the proceedings of the Pollution Control Corporation, including the Pollution Control Corporation Resolutions, are in conformity with the provisions of the Act; and

WHEREAS, the Code requires that the issuance of the 2009 Series B Bonds be approved by the elected legislative body or other "applicable elected representative" of the governmental unit on behalf of which the Pollution Control Corporation issues the 2009 Series B Bonds or from which the Pollution Control Corporation derives its authority and also by the elected legislative body or other "applicable elected representative" of the governmental unit within which any refinanced Facilities are located; and

WHEREAS, all of such Facilities are located within the County; and

WHEREAS, this Board of Supervisors approved the incorporation of the Pollution Control Corporation, approves the election of members of the Board of Directors of the Pollution Control Corporation and is the elected legislative body of the County; and

WHEREAS, the Act requires that the proceedings of the Pollution Control Corporation by which the 2009 Series B Bonds are to be issued be approved by the governing body of the County; and

WHEREAS, this Board of Supervisors is the governing body of the County;

NOW, THEREFORE, BE IT RESOLVED, by the Board of Supervisors of Coconino County, Arizona as follows:

Section 1. The proceedings of the Pollution Control Corporation providing for the issuance and sale of the 2009 Series B Bonds to refinance the Facilities previously financed by the 1996 Series Bonds and the 1999 Series Bonds are hereby approved. This approval shall constitute such approval of the proceedings of the Pollution Control Corporation as is required by the provisions of the Act for the issuance and sale of the 2009 Series B Bonds. This approval shall also constitute such approval as is required by Section 147(f) of the Code.

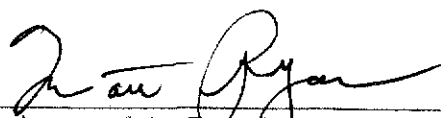
Section 2. This Resolution shall become effective immediately.

Passed and Adopted this 18th day of August, 2009.


AYES: 5

NOES: 0

ABSENT: 0

  
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Chairman of the Board of Supervisors,  
Coconino County, Arizona

Attest:

  
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Clerk of the Board  
Coconino County, Arizona

